

A. W. Ley's Report from Australia:

Kmart Thrives in a New Frontier



Throng of Australian shoppers wait for the doors of the new Kmart to officially open.



The Premier of South Australia, the Hon. Steele Hall, cuts the ribbon at K3, Ingle Farm, S. Australia. He is flanked by three members of Kmart (Australia) Limited, from left to right, Albert W. Ley, consulting managing director; Lance R. Robinson, managing director; Jack W. Weisart, developer of the Kmart project, and Norman C. Coles, deputy chairman.



Prams, Australia's version of American baby carriages, are clustered around a Kmart front.

The following is a letter from Albert W. Ley, consulting managing director of the Kresge Company subsidiary, Kmart (Australia) Limited. Mr. Ley reports on the history and progress of Australia's first Kmart—a joint venture between Kresge and G. J. Coles and Coy. Limited of Melbourne, Australia. The management of Kmart in Australia is the first retail undertaking outside of North America by Kresge and the first entry into the discount department store field by Coles.

"Kmart (Australia) Limited has been in existence for approximately two years. For the people closely involved in establishing the roots of this company, the two-year period passed very quickly.

"In assessing what has been accomplished in two years, it looks very little when one considers only five stores were opened in 1969. The parent company opens 63 Kmarts in one year.

"Fortunately, we had one location already secured near Melbourne to open our first store. This land was zoned for commercial use, but we had to have approval from the government to build a Kmart. It took considerable time in getting approval because the Kmart concept was alien to most people. However, after holding discussions and presenting photographs of this operation, the building approval was finally granted.

"Our aim was to set up Kmarts in Australia identical to those in the United States. We had decided to build our counters and equipment. This involved a great deal of work and close contact with our fixture people in the United States. Mr. Harry Engel, Kresge's manager of store design and layout, made a trip to Australia to guide our fixture people in building counters. With Mr. Engel's instructions and guidance, our people acquired the know-how to produce the most modern counters used in Kmarts.

"By mid-1968, the first Australian Kmart was under construction. Equipment and counters were being built, and most important, we had to develop a range of merchandise to complement our operation.

"Kmart basic stock sheets were used to guide the Coles buying staff in the range of merchandise that we expected them to secure and develop within a relatively short time. Packaging was a big problem and we insisted upon getting items properly packaged or we would not stock them. The buyers did an excellent job in overcoming this problem, and they are continually working to improve the packaging of all items stocked in Kmarts.

"At first, many firms refused to sell to Kmart because of the discount policy of selling products below the suggested selling price. We had this same experience at Kresge in 1961 when the buyers were setting up the range of merchandise for the first Kmart in the U. S. This was all new to the Coles buyers, but in most cases, the firms knew they could not stop progress.

"There were hundreds of minor problems to solve before we could open the doors of K1 in East Burwood, a suburb of Melbourne. We had to secure footwear, auto and chemist (pharmacist) licenses to complete our operation. Cash registers, pricing machines, labels, stock control records, accounting, list books and many more had to be set up. However, everything was on hand and, on April 30, 1969, the doors opened for the first Kmart in Australia. Thousands of shoppers jammed the store, making this the highest volume opening in Kmart history.

"At the present time we have five stores operating. They are: K1, E. Burwood, Victoria; K2, Blacktown, New South Wales; K3, Ingle Farm, S. Australia; K4, Morley, W. Australia, and K5, Kurrat Park, S. Australia.

"Currently, there are three stores under construction. They are: K6, Belmont, Victoria; K7, Waratah, New South Wales, and K8, Warrawong, New South Wales.

"Stores K6, K7 and K8 will open in 1970. We also hope to add at least two more stores to this group to total ten stores in operation by the end of 1970.

"Australia, in size, is about the same as the United States. However, there are only 12,000,000 people in Australia, with approximately 50 percent of the population living in Victoria and New South Wales.

"This had one major effect on Kmart (Australia) Limited, and that is to locate eight to ten acres of land within the two large cities of Melbourne and Sydney to establish Kmarts. We estimate that we could build 25 stores within these two major cities if we could locate them properly within the areas.

"Once a site is located and secured for development, we must have the land zoned for commercial use. Zoning takes time and moves slowly through the process set up by local authorities. Once the zoning application is lodged, it could be up to 18 months before a decision is made. One must remember there is a great number of applications before the Council and State Planning Authority and they are not just dealing with Kmart (Australia) Limited.

"In the meantime, we have a number of proposed sites and are in the process of preparing documents to lodge our application for zoning in other areas throughout Australia.

"At this stage we anticipate at least five new Kmarts to open each year for the next five years.

"Australia as a nation is just coming into its own, with tremendous wealth in oil and minerals. The population growth will be steady for years to come. Kmart (Australia) Limited shares in providing the Australian people with the first discount operation, the largest one-floor retail outlet and the largest checkout operation with the most modern conveniences.

"Members of the Board of Directors of Kmart (Australia) Limited are Harry B. Cunningham, chairman (Kresge chairman and president); Robert E. Dewar (Kresge executive vice president, administration and finance); Walter H. Tenings (Kresge vice president, corporate growth); Albert W. Ley; Sir Edgar Coles; Norman C. Coles and Lance R. Robinson."